

# Talaton Parish Hall – Financial Policy

## **Financial Records and Accounts**

1) Financial records must be kept so that:

The organisation meets its legal and other statutory obligations, such as Charity Acts, His Majesty's Revenue & Customs and common law.

The trustees have proper financial control of the organisation.

The organisation meets the contractual obligations and requirements of funders.

2) The books of accounts must include:

A spreadsheet analysing all the transactions appearing on the bank accounts

Details of Petty Cash if cash receipts and payments are being made.

3) The financial year runs 1<sup>st</sup> September to 31<sup>st</sup> August and accounts must be drawn up at the end of each financial year and presented at the next Annual General Meeting, or the subsequent committee meeting at the latest.

4) At the AGM, the trustees will approve a budgeted income and expenditure account for the following year. The detail will be an approximation based on previous years budget plus any additional projects planned for the year.

5) A report detailing income and expenditure should be presented to the trustees whenever meetings take place or at least every three months.

6) Audit or Independent examination of the Halls accounts is not required by the Charity Commission as income is under £25,000. Should the income in a financial year exceed this amount an independent examination by an appropriately qualified auditor/ independent examiner will be appointed at the AGM.

## **Banking**

1) The Charity will bank with Lloyds Bank plc at its Honiton, Devon branch and accounts will be held in the name of Talaton Parish Hall. The following accounts will be maintained:

- Current Account
- Reserve Account
- Investment Bond(s)

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2) The bank mandate for cheque signatures and online banking payment limits will always be approved and minuted by the trustees including changes.

3) Bank statements are provided online by the bank, and the treasurer will ensure these are reconciled with the accounts spreadsheet at least every three months.

4) The charity will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the trustees.

## **Income and Payments (expenditure)**

1) All monies received will be recorded promptly in the accounts spreadsheet and cash will be banked on a regular basis.

2) The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated. The latest approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure, not beyond it.

3) The Treasurer will be responsible for holding the cheque books (including unused and partly used cheque books) which should be kept in a secure location.

4) Blank cheques will NEVER be signed.

5) The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.

6) No cheques should be signed without original documentation (see below).

7) Every payment out of the Charity's bank accounts will be evidenced by a suitable invoice and the invoice will be retained by the Charity and filed.

8) Petty cash will be maintained for fundraising activities and purchases where cash is utilised. The committee member is entrusted with a float as agreed by the trustees.

9) Expenses / allowances. The Charity will, if asked, reimburse hall expenditure paid for personally by persons:

Fares are evidenced by tickets where possible.

Other expenditure is evidenced by original receipts.

Sundry items purchased on behalf of the Charity.

## **Cheque Signatures and Online Banking Payments**

1) Each cheque will be signed by at least two people.

2) A cheque must not be signed by the person to whom it is payable.

3) The Charity Commission guidelines recommend that all payment instructions to the bank, including instructions made on-line be authorised by two persons. However, where this is not practical for small payments, the trustees may decide to allow of amounts of up to £250 to be

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approved by just one authorised person. This is so as to not impede or complicate general day to day running of the hall.

## Orders – Goods and Services

1) The Charity does not accept liability for any financial commitment unless properly authorised. Items over £500 in value must be authorised by the trustees. For any purchase over £1000 in value, at least 3 quotes should be obtained where possible to ensure a competitive price is paid unless the trustees explicitly waive this requirement and records in the minutes of the trustees meeting the justification for the waiver. e.g. a supplier of high quality and value previously used, or with known recommendations.

2) All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of the Charity with the prior approval of the trustees or in urgent situations the approval of the Chairperson who will provide full details to the next trustee's meeting.

3) The Charity will always adhere to good practice in relation to its finances, e.g. *when relevant* it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location of assets. Additionally, the Charity will maintain a property record of items of significant value, with an appropriate record of their use.

## Reserves

The Charity Commission recognises that it is legitimate for a charity to keep some of its charitable funds “to one side” (i.e. un-spent reserves) to meet the “5-C’s” of special expenditure:

- 1) Contingency: unexpected expenditure in the event of an emergency.
- 2) Cash-flow: situations where a bill must be paid before the money to cover it has been received.
- 3) Commitment: a commitment to occasional significant expenditure which cannot be covered by the annual income.
- 4) Conservation: funds which the trustees cannot spend immediately without compromising their legal responsibilities to ensure that their charity’s resources are used necessarily, reasonably and incidentally in fulfilment of their charitable objects.
- 5) Closure: the charity becomes financially unsustainable and has to be wound up.

Reserves should not be set too high at the risk of tying up money that could be seen as ‘hoarding’ and should be spent on charitable activity.

The amount of reserves is to be approved and minuted by the trustees as will any changes to it, this is currently set at £10,000.